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**FURTHER CORRESPONDENCE****RESPECTING****IRAQ****PART 10****January to December 1956**

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FURTHER CORRESPONDENCE RESPECTING  
IRAQ—PART 10

VQ 1195/2

No. 1

DELIVERY OF CENTURION TANKS TO IRAQ

*Sir Michael Wright to Mr. Selwyn Lloyd. (Received January 16)*

(No. 10. Confidential)  
Sir,

Bagdad,  
January 9, 1956.

I have the honour to inform you that twelve Centurion tanks Mark VII and thirty-one (British) Ferret scout cars were handed over to the Iraq Government at a ceremony at Rashid Camp near Bagdad on the 3rd of January. Two of the tanks were a gift from Her Majesty's Government. The other ten tanks and the scout cars were a part of the free military aid given annually to Iraq by the United States Government. The ceremony was attended by members of the Government, of both Houses of Parliament and the Diplomatic Corps, as well as a large number of senior officers of the Iraq army.

2. Speeches were made by the United States Ambassador, the *Chargé d'Affaires* of this Embassy, who represented me in my absence in London, and the Iraqi Prime Minister in his capacity as Acting Minister of Defence.

3. Reports of the speeches<sup>(1)</sup> made are enclosed.

4. The American Ambassador's speech dwelt on the economic as well as the military progress achieved by Iraq. He stressed the point that both in the economic and military field the United States Government had helped the Iraq Government and would continue to do so because they were already helping themselves on the one hand by their comprehensive development programme and, on the other, by their membership of the Bagdad Pact.

5. The speeches were followed by an inspection of the tanks and scout cars and a selection of other equipment of both British and American origin supplied under American military aid. At each exhibit a junior officer or N.C.O. was posted to explain its uses and characteristics. Nuri Pasha, who always enjoys a military occasion, was in excellent form, joking with the demonstrating officers and the civilians accompanying him. After the inspection there was a drive past of the Centurions and scout cars.

6. The ceremony was well organised and the Iraqi tank and car crews, and the officers in command, looked encouragingly smart, fit and keen. Although the tanks had only been in Iraqi hands for less than two weeks, all of them were driven by Iraqi drivers, thanks to the training obtained on the Mark III Centurions lent to the Iraqi army from the Queen's Bays. It was also encouraging to see the remarkable improvement over the past two years in the appearance of Rashid Camp, which was the old British Hinaidi Cantonment, and is now one of the two main Iraq army bases in the Bagdad area. It was badly damaged by the floods of 1954 and the army have tackled the task of reconstruction and improvement with vigour and efficiency.

7. Further evidence of the progress made by the Iraq army in the last few years was afforded by the parade held on the 6th of January to celebrate Army Day and the thirty-fifth anniversary of the Iraq army's foundation. The King presented standards to a number of newly-formed units, and afterwards took the salute at a large-scale march-past. Some 7,000 troops, 550 lorries, 140 armoured cars and 37 tanks were on parade, and the column took nearly three hours to pass

<sup>(1)</sup> Not printed.

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the saluting base. An impressive variety of equipment was on show, representing every arm of the service from horsed cavalry to the new Centurion tanks, a mobile workshop and even a bridging detachment. Bearing, discipline and turn-out were all excellent, and it is of interest that the complicated arrangements necessary to direct a large number of units, moving at different paces, smoothly and without interruptions past a saluting base, were worked out and executed without a hitch and, moreover, without any assistance from the army's British advisers.

8. I am sending copies of this despatch to Her Majesty's Ambassador in Washington and to the Political Officer with the Middle East Forces.

I have, &c.

MICHAEL WRIGHT.

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VQ 1011/1

No. 2

# IRAQ: ANNUAL REVIEW FOR 1955

*Sir Michael Wright to Mr. Selwyn Lloyd. (Received January 21)*

(No. 16. Confidential)

Sir,

Bagdad,

January 11, 1956.

In his despatch No. 245 of the 20th of December, 1954, my predecessor gave a penetrating analysis of the difficulties that beset Iraq at the end of 1954. The future could only be viewed with foreboding. By the summer of 1954 the internal situation had fallen into a state of political deadlock verging on chaos, accompanied by discontent, subversion and the threat of disorders. In foreign affairs the potentially explosive stalemate over Palestine continued; no progress had been made towards the organisation of a Middle East defence system linked with the West; and there loomed the problem of what, if anything, could be done to replace the Anglo-Iraqi Treaty of 1930 which was due for revision in the autumn of 1957. The general situation was ripe for exploitation by Communist Russia. In Sir John Troutbeck's words: "Time runs on and Iraq and the Middle East remain a dangerous gap in the defence system of the Western world. Meanwhile a ceaseless battle is being waged between the Communist and the Western Powers for the soul of the oriental world."

2. In these circumstances Nuri had been called back in August 1954 to become Prime Minister for the twelfth time. The old champion had rolled up his sleeves and walked down the pavilion steps to bat on a rapidly-crumbling wicket. His first actions had been to hold fresh elections and to secure a new Parliament; to abolish the political parties; to suppress Opposition newspapers; and to pass stern measures against Communist agitators.

## Foreign Policy

3. Nuri began the New Year on the 3rd of January by breaking off relations with Soviet Russia. On the 6th of January he received a visit of a week from the Turkish Prime Minister and agreed with him in principle that Iraq and Turkey should conclude a defence agreement which would be open to other friendly Powers and which might form the nucleus of a Middle East Defence Organisation. In the succeeding months he devoted a great part of his time and energy to the achievement of this purpose.

4. To understand the significance of this move it must be appreciated that by comparison with her fellow Arab countries Iraq tends to look out of different windows—windows to Turkey and Iran and to Communist Russia beyond them. Iraq has no common frontier with Israel; she knows that the control of her oilfields must be coveted by Russia, whether in war or in peace; and Iraqi opinion received a severe shock when in 1953 the Shah was obliged to leave his country and it appeared possible that Communist or extreme Left-wing elements might dominate Iran up to the Iraqi frontier.

5. Although opinion in most Arab countries was focussed on the Israeli rather than on the Communist danger, Nuri felt confident that he could carry his own people in forming the nucleus of a Middle East Defence Organisation linked with the West and directed mainly against the Communist danger. Further, he wanted if possible to bring other Arab countries with him, either initially or as time went by. If others, and in particular Egypt, were unwilling to join or follow at once, he hoped to secure their benevolent acquiescence. With this object he had discussed his intentions with representatives of the Egyptian Government at Sersank in August 1954 and with Nasser himself in Cairo in September 1954 and had spoken to other Arab leaders also. He believed, and has some evidence to confirm, that Nasser and others told him they would not disapprove his action. But in the last resort he was prepared to proceed alone, with the full knowledge that if he did so he would be accused of disrupting Arab unity. To take this decision required qualities of courage and leadership possessed by few, if any, other figures in the Arab world to-day.

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### **Iraqi-Turkish Treaty**

6. His initial negotiations with Turkey in February did not prove easy. Neither side had any but vague ideas of the form of agreement they should conclude. Her Majesty's Government, however, were anxious that any treaty should contain an umbrella clause providing not only for accession by other countries, including ourselves, but provision for Special Agreements between pairs of signatories which might cover a new Defence Agreement between Britain and Iraq to replace the Treaty of 1930. Nuri himself favoured this idea in principle but had no precise notion of how to give expression to it. An additional complication was that long-standing Iraqi fears of Turkish designs to reacquire territory in the north of Iraq militated against any agreement which would permit Turkish troops to join in the defence of northern Iraq.

7. In the event both Nuri and the Turkish Government turned to this embassy behind the scenes for help as an intermediary. This it proved possible to give, and in the process to secure the inclusion of an umbrella clause of the kind which we ourselves needed. The Turkish-Iraqi Pact was signed on the 24th of February, 1955, and received the approval of the Iraqi Parliament on the 26th of February.

### **Special Agreement with the United Kingdom**

8. Meanwhile Nuri had committed himself to Parliament that he would make a statement to them by the end of March about the termination of the Anglo-Iraqi Treaty, whether it were to be replaced by some new agreement or not. Between the 26th of February and the 3rd of April intensive and difficult negotiations took place in Bagdad in which we were able to take advantage of the fact that Nuri had made himself the prisoner of his own timetable and could hardly justify himself to his own public opinion if he failed to produce a successful result by April. The outcome was the signature on the 4th of April of a Special Agreement between the two countries under the Bagdad Pact, to which Her Majesty's Government acceded on the 6th of April.

9. Under the Special Agreement Iraq assumed control and overall command of the air bases at Habbaniya and Shaiba. Iraq requested help from the United Kingdom, which the latter agreed to give, in training her armed forces; and Iraq undertook to make available the necessary facilities to enable the United Kingdom to give this help.

### **Egyptian Opposition**

10. During the negotiations, first with Turkey and then with the United Kingdom, the Egyptian Government, whose acquiescence Nuri believed he had obtained, launched an intensive propaganda campaign against Iraq accusing her of breaking Arab unity and betraying Arab interests. This was carried so far by the medium of an unacknowledged wireless station from Egyptian territory called "The Voice of Free Iraq" as to include incitement to the people of Iraq to rise against the régime and to murder Nuri and the Crown Prince. The extreme violence and bad taste of this campaign defeated its own object. It aroused the low opinion and dislike of Egypt which are never far below the surface in Iraq, and did more than any other single factor to unite both political leaders and less informed opinion in support of Nuri.

11. In the Arab League Egypt and Saudi Arabia exerted every pressure both to restrain and condemn the action of Iraq. But the Governments of both Syria and Jordan stood out against these attempts, while the Government of Lebanon attempted to play her traditional role of mediator, and when this was unsuccessful declined to support Egypt and Saudi Arabia. Forces working against Iraq (Egypt was believed to be largely responsible) were, however, successful in securing the fall of the Syrian Government and its replacement by another which worked more closely with Egypt and Saudi Arabia.

12. Meanwhile Nuri had been at pains to try and secure his rear first, by writing into the preamble of the Iraqi-Turkish Pact a paragraph to the effect that Iraq assumed no obligations contrary to the Arab League Security Pact; and second, by obtaining an Exchange of Letters with the Turkish Government simultaneously with the pact, under which both countries pledged themselves to work in close

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co-operation for effecting the carrying out of the United Nations resolutions concerning Palestine. He was able to point to the latter in reply to accusations hurled at him by Egypt that he was abandoning the Arab cause in Palestine.

### **Accessions to the Pact**

13. Nuri had from the outset been strongly inclined against the inclusion of France in the pact, and when French influence in Syria and elsewhere was exercised against the pact, his attitude hardened into opposition. At the same time he had hoped that the United States would join either at the same time as the United Kingdom or shortly after. He has never ceased to work for this, and later in the year warmly welcomed the decision of the United States Government to take part as observers at meetings of the Pact Council.

14. Both Turkey and Iraq did their utmost to secure further accessions to the pact by Middle East countries. On the 23rd of September Pakistan acceded, and on the 3rd of November, Iran. It was a disappointment to both Governments that between April and November neither the United Kingdom nor the United States exercised any strong influence in favour of any other country, and in particular Jordan and Lebanon, joining the pact, and at moments Nuri has felt that his efforts to align the Middle East with the West have been neither fully appreciated nor adequately supported, especially by the United States.

### **The Pact Council**

15. The pact provided that when membership had grown to at least four a council should be set up. The inaugural meeting of the five Powers (Iraq, Iran, Pakistan, Turkey and the United Kingdom) was held in Bagdad on the 21st of November. It was attended by the Right Honourable Harold Macmillan, the British Foreign Secretary, and by the Prime Ministers and Foreign Ministers of the other countries. The United States Government participated as an observer. It was decided that the headquarters of the organisation should be in Bagdad, and to set up a Military Committee, an Economic Committee and an Anti-Subversion Committee. The meeting took place in a good atmosphere, and it was arranged that the second meeting at ministerial level should take place in Tehran in March or April. Meanwhile the council was to remain in continuous session at Deputy level.

### **Relations between Iraq and the United Kingdom**

16. Relations between Iraq and the United Kingdom became closer during the year. The hand-over of Habbaniya and Shaiba took place in a cordial atmosphere on the 2nd of May. Withdrawal of British elements proceeded for the rest of the year according to plan, and the new system of help and training to the Iraqi Air Force was set on foot smoothly. On the 20th of December notes were exchanged between the two Governments under which the United Kingdom agreed to waive the sum of £2,755,000 which it had been agreed was due to them by the Iraq Government for buildings, installations and land at Habbaniya and Shaiba and Margil, while the Iraq Government undertook to spend the money partly to meet the expenses of training with the United Kingdom and partly to the extent of at least £2 million on the purchase of arms and equipment from the United Kingdom in 1956 and 1957.

### **Claims**

17. Agreement was also reached in May on a settlement of the vexed question of outstanding claims between the two Governments. The Iraq Government agreed to pay the sum of £150,000 to a fund which would be used to promote good relations between the two countries. Later in the year, they agreed in principle to add another £150,000 to the fund on the understanding that it be used to create a British Library in Iraq.

### **The Levies**

18. In the course of negotiations for the Special Agreement provision was made for the disbandment of the R.A.F. Levies. These included a number of Assyrians to whom Her Majesty's Government felt they owed a special debt of

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gratitude for services in the past. The Iraq Government offered special facilities to those who wished to enrol in the Iraqi forces, and their co-operation is being sought in connection with settlement schemes for others. At the end of the year the arrangements were working smoothly.

#### Saudi Arabia

19. The events of the year, and particularly the leading role played by Iraq in the inception of the Bagdad Pact, served to accentuate the ill-feeling between Iraq and Saudi Arabia, which has its roots in jealousy of the Hashemite family by the Saudi Royal House, and in the fear that the former may still harbour designs on the Hejaz. Saudi influence was used against Iraq on virtually every occasion throughout the year, and it became glaringly patent that large sums of Saudi Arabian money was being spent throughout the Middle East to bribe individuals and Governments to oppose Iraq. This is indeed becoming a major issue in Middle East affairs.

#### Egypt

20. In spite of the constant opposition and criticism of Iraq by Egypt, the Iraq Government adhered steadily and with good temper to the line that any difference of opinion with Egypt over the Bagdad Pact was merely due to misunderstanding. Nuri did his best throughout the year to improve relations, but with no success.

#### Syria

21. During the first part of the year the presence of Hashim al Atassi as President of Syria gave the Iraq Government confidence. However, with Khalid al Azm and the Baath-Socialists in the Syrian Government it was equally certain that things would never go too favourably. It was natural that relations would be more strained when Shukri Quwatli returned to the Presidency. The Iraqis had not supported his candidature and could not have been expected to do so in view of the fact that he had lived in Egypt off Saudi subsidies for many years. They, therefore, anticipated little from him and were not surprised when Syria signed a military pact with Egypt. They were, indeed, relieved that things did not go worse and the constant pull exercised by the flourishing economy of Iraq on the Syrian merchant community has probably accounted for this.

#### Jordan

22. Relations with Jordan have also been in the doldrums for a year. Owing to the Hashemite connexion, the Iraq Government have taken the friendly attitude of Jordan too much for granted and only towards the end of the year did they begin to realise that this relationship needed constant cultivation. In December they agreed to make certain funds available to the Jordan Government for economic development and, at the same time, contemplated the reinforcement of the Iraqi position in Jordan by raising the status of their mission to an embassy and the appointment of an Ambassador in place of the low-level Chargé d'Affaires who had represented them for some years.

#### Persian Gulf

23. 1955 showed the awakening of Iraqi interest in the affairs of the Persian Gulf. A number of rulers from the Gulf visited Bagdad, either privately or as guests of the Iraq Government, and Saudi encroachments on the principalities at the lower end of the Gulf had the effect of attracting the Iraq Government's attention which hitherto had not extended beyond Bahrain and Kuwait. As a result, the Iraq Government lent considerable passive support in the Arab League to the cause of the Sultan of Muscat, both over Buraimi and Oman.

#### Israel

24. Though the Iraq Government was not prepared to risk further estrangement from the other Arab countries by taking the initiative in advocating a settlement with Israel, the Prime Minister has consistently shown that he would support action taken by any Arab State to solve the Palestine question. For this reason the Iraq Government refrained from adverse comment on the Dulles'

proposals, encouraging others to do likewise, and later gave discreet approval to Sir Anthony Eden's Guildhall speech of November 9 when the mention of the United Nations resolutions of 1947 as one of the starting points for negotiations, came close to representing their own view of a just settlement. On each occasion the Prime Minister (despite the violent Egyptian propaganda against him) authorised Her Majesty's Government to assure the Egyptian Prime Minister that he would support him if he were to take the initiative for a settlement.

#### Internal

25. An office messenger in the Iraqi Ministry of Development is said to have asked the late Minister whether in large countries, such as England, the Government were in the habit of neglecting internal administration whenever they had to deal with important matters of foreign policy. This is perhaps the most apposite commentary on internal affairs in Iraq during the past year. The Government machine has ticked over on the whole fairly efficiently, but little has been done that is new. The personality of the Prime Minister dominates his Government. His Ministers work not so much as Ministers but as his Secretaries in their various Ministries and it is rarely that they initiate policies. For the first five months of the year the Prime Minister's energy was fully absorbed in foreign affairs. An efficient administrator risen from the ranks of the Civil Service ran the Ministry of the Interior. The legislation which had been enacted when Nuri assumed power in 1954 and the day-to-day consultations which he had with the elder statesmen on foreign matters were sufficient to keep the home front quiet. There followed the summer recess, and it was only with the advance of autumn that the Government and the politicians turned their attention conspicuously to internal matters.

26. The major planks of the Government's internal policy were announced in the speech from the throne at the reassembly of Parliament on December 1. They are the hardy annuals repeated year after year by all Iraqi Governments without any visible *suite*: the creation of a unified Civil Service and the purge of corrupt and redundant officials; the revision of the tax system, and the possible imposition of a land tax; the improvement of social services with the emphasis particularly on housing. There is, however, some sign that this time something, albeit only a little, may be done. By the end of the year a unified Civil Service Bill had been prepared by the outgoing Minister of Finance, but it was still under discussion in ministerial committees, where there were known to be many objections to it. Machinery was being set up to carry out the projected purge of officials but the purge had, to some extent, been prejudiced in advance in the eyes of the public by the appointment of politicians notoriously corrupt, to the Senate and to various Government committees. On the question of taxation the Government had on the stocks a new customs tariff designed to decrease the duties on essentials while increasing them on luxury goods. The other tax reforms were still in the early stages of study. On the social front, a modified version of the Amara Land Law had been enacted and a law allowing the State to grant freehold rights to persons holding long leases of Government land on condition that they surrendered a proportion of that land back to the Government for re-allocation. Both these measures could be of importance, but it is in their execution that their impact on the social structure of the country will lie. On the question of housing, the Government had engaged an eminent Greek expert who had tackled the problem with energy and made plans for a spectacular housing programme in the many centres of population. The delays forced upon him by the inadequate administrative machinery, however, have meant that the fruits of his labours are yet to be seen.

#### Economic

27. During 1955 Iraq achieved a higher level of prosperity than ever before. Ordinary Government expenditure apart from the budget of the Development Board increased to ID.56 million with a substantial surplus of revenue, imports during the first half of the year were running at an annual value of approximately ID.88 million and the country appeared able to absorb the increasing supply of goods. The development programme and increased governmental expenditure have already had their effect on employment which has now reached a high level. In these near-boom conditions there was a constant threat of inflation. This has



not yet become serious but the level of wages and prices is tending to climb steadily. The Government's attempts to combat this tendency are to allow free imports in order to satisfy increasing demand and to reduce customs duties on essential articles in order to keep prices down especially for the poorer sections of the community.

28. It is a tribute to the strength of the Iraqi economy that last year's uncommonly bad harvest produced no serious repercussions. The Government were able to buy Australian wheat to avert a bread shortage. In less prosperous times the effects of such a bad agricultural year would have been serious. It was chiefly the rural communities which suffered, and in certain localities there was a marked migration of the population to the towns where there were good prospects of employment.

29. On the 19th of March the Government approved the new Five-Year Development Programme which will cost more than £300 million. A substantial volume of work was already in progress by the end of the year. The share of British firms in capital development projects in Iraq has not been altogether satisfying. There was serious competition, chiefly from continental contractors who were able to quote what were considered by many to be unrealistically low prices. The Iraq Development Board, fearing accusations of corruption, almost invariably chose the lowest tender, sometimes without full consideration of its technical merits. Financial losses on the part of contractors, unsatisfactory performance of work and growing confidence and technical discrimination on the part of the board tended during the latter part of the year to produce a more satisfactory policy. Better consideration was given to offers and the board realised that the lowest price was not necessarily the cheapest. In the long run this should work to the advantage of British firms, whose share of work allocated during the year was of an approximate value of £10 million.

30. The annual meeting of the Anglo-Iraqi Economic Committee, which was held in London during September, produced satisfactory results for the Iraq Government, including an agreement to release gold to the value of £5 million for currency cover and to increase Iraq's dollar working balances from 5.6 to 9.8 million dollars.

31. At the end of the year the news of the creation of an Economic Committee of the Bagdad Pact created hopes of improving trade measures especially with Turkey and Iran. In her present position, it is doubtful whether Iraq really needs such further assistance as may be obtainable under the pact but the removal of trade barriers with certain neighbouring countries would permit a freer flow of agricultural exports on which a large section of the population directly depends.

32. In an otherwise satisfactory year one of the chief fears was that inflation might get out of hand and that the boom might be followed by a recession on the local market; these threats are still present. Future economic development depends to a large extent on the maintenance of stable political conditions within the country and on a realisation by the population that the vast oil revenues are being spent wisely for their benefit. During 1955 the benefits were often hard to discover because of the long-term nature of many of the development projects and among the measures foreshadowed in the speech from the throne on the 1st of December were the expansion of the housing programme and increased welfare measures designed to show more immediate results to the average Iraqi.

33. The end of the year saw the Government active with its proposals. Meanwhile opposition from various quarters is becoming slowly but surely more critical as the restrictions placed on its liberties become more irksome. It is encouraged by the fact that the elections for the present Parliament in September 1954 had been even more blatantly rigged than usual, and by the belief that the present landowners in Parliament would effectively block any kind of reform which might weaken their powers, while the Government were not able, or willing, to force their hands. The ability of the Opposition to make itself felt effectively and to cause real trouble for the Government appears now to depend to a large extent on whether the economic benefits of the development programme and the Government limited social policies will reach the mass of the population in sufficient volume to make it impervious to the blandishments of the Opposition (backed by Egyptian propaganda and Saudi money) and whether the diminishing returns being paid by the Government's repressive measures of August 1954 will nevertheless be

sufficient to deter potential trouble-makers until those benefits are generally appreciated. It is in a measure a race against time if the political evolution of Iraq is to take place peacefully and an upheaval avoided.

I am sending copies of this despatch to Her Majesty's Representatives at Cairo, Damascus, Beirut, Amman, Jedda, Tel Aviv, Tehran, Ankara, Bahrein, Basra, Kirkuk, Mosul and to the Political Office with the Middle East Forces.

I have, &c.

MICHAEL WRIGHT.

Enclosure

# CALENDAR OF EVENTS, 1955

## January

- 3 Suspension of relations with the USSR.
- 6-14 Visit of the Turkish Prime Minister.
- 12 Parliamentary approval of the 1955 Budget.
- 25 Agreement for facilitating trade and exchange between the Arab countries.
- 27 Dr. Jamali represents the Prime Minister at the Cairo Conference of Arab Governments.
- 31 Delegation from the Cairo Conference visit Bagdad.

## February

- 6 Government receives unanimous vote of confidence in the Chamber of Deputies on foreign policy.
- 14-17 Visit of King Hussain of Jordan.
- 14 Signature of Cultural Agreement between Iraq and Spain.
- 23-25 Visit of Turkish Prime Minister.
- 24 Signature of Turkish-Iraqi Pact for Mutual Co-operation.
- 26 Parliamentary approval of the pact.
- 27 Royal Assent to the pact.

## March

- 4-5 Visit of Sir Anthony Eden.
- 5-10 Visit of the President of Turkey.
- 11-12 Visit of the Shah of Iran.
- 19 Approval of the Five-Year Development Programme.
- 24 Supplementary oil agreement between the I.P.C. and the Iraq Government.
- 29-31 Visit of King Faisal to Amman.

## April

- 3-5 Visit of Mr. Turton.
- 4 Signature of Special Agreement between Her Majesty's Government and Iraq Government.
- 6 Termination of Anglo-Iraqi Treaty of 1930. United Kingdom accession to the Turkish-Iraqi Pact for Mutual Co-operation.
- 14 Iraqi Parliamentary Delegation leaves for Turkey.
- 15 Instruments of ratification for the Turkish-Iraqi Pact exchanged in Ankara.
- 18-24 Dr. Jamali leads Iraqi Delegation to Afro-Asian Conference at Bandoeng.
- 19-21 Jordanian Royal Wedding.
- 30 Anglo-Iraqi agreement on war claims: Iraq to pay ID.150,000 to Special Fund to be used for cultural purposes.

## May

- 2 The bases of Habbaniya and Shaiba handed over to Iraqi command. King Faisal appointed an Honorary A.V.M. in the Royal Air Force.
- 29-31 Visit of C.I.G.S. Designate-General Sir Gerald Templer.
- 31 Iraq Parliament adjourns for the summer.



- June  
8 Additional elections for eight seats.  
22 Departure of King Faisal for Beirut.  
H.R.H. the Amir Zaid Regent during the summer.
- June 26-  
July 5 King Faisal's State visit to Turkey.
- August  
7-10 Visit of the Sultan of Muscat and Oman.  
9-14 Northern Tier staff talks at Habbaniya.  
24 Iraq Government informed of decision to supply twelve Centurion tanks.  
26 Mr. Dulles' proposals on the Arab/Israel problem.
- September  
9 Departure of Iraqi Delegation to the United Nations led by Dr. Jamali.  
23 Accession of Pakistan to the Turkish-Iraqi Pact for Mutual Co-operation.  
29 Anglo-Iraqi financial talks in London.
- October  
3-10 Visit of the Ruler of Sharjah.  
14 Return of King Faisal to Iraq.
- November  
2 Visit of United States Parliamentary Delegation.  
3 Accession of Iran to the Turkish-Iraqi Pact.  
9 Prime Minister's Guildhall speech on Arab-Israel relations.  
2-10 King Faisal visits autumn manoeuvres in Kurdistan.  
15-19 H.R.H. The Crown Prince visits Paris to congratulate the Sultan of Morocco on his return to the Throne.  
21-22 First meeting of the Council of the Baghdad Pact.  
Visit of Mr. Harold Macmillan and General Templer.  
28 King Faisal opens the Government oil refinery at Dora.
- December  
1 Opening of Parliament.  
1-6 Iraqi-Jordanian economic talks.  
10-19 Visit of British Parliamentary Delegation.  
20 Anglo-Iraqi agreement on disposal of British military property and provision of military aid to Iraq.

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No. 3

## IRAQ BUDGET FOR 1956

*Sir Michael Wright to Mr. Selwyn Lloyd. (Received January 30)*(No. 25 E. Confidential)  
Sir,*Bagdad,  
January 23, 1956.*

With reference to my despatch No. 65 E. of the 13th of March, 1955, I have the honour to transmit herewith a translation of the Iraqi draft General Budget Law for the financial year 1956, together with the relevant summaries of expenditure and receipts.

2. The budget law was presented to the Chamber of Deputies on the 5th of January by the new Minister of Finance, Khalil Kenna, who had only recently been appointed to that post. It has passed the Financial Committee of the Lower House and is now being debated in the Chamber but there are unlikely to be any important changes in the form in which it finally becomes law.

3. Expenditure for 1956 is estimated at ID.65,085,925 and receipts at ID.61,675,750. Both show substantial increases over 1955, for which the finally revised estimates were ID.53,622,010 and ID.57 million respectively. The Minister of Finance claimed in his budget speech that these increases reflect the progress being made in the Government's schemes for developing Iraq's economy. On the expenditure side the increase is due to the larger sums devoted to those development projects which come under direct governmental responsibility as distinct from those under the Development Board's Five-year Programme. The rise in receipts results partly from the customs receipts on increased imports, and partly from the larger oil royalties to be received during 1956. The Minister of Finance, in his general comments on Iraq's economy, revealed that as a consequence of increased oil exports Iraqi holdings of foreign currency rose from ID.94½ million at the end of September 1954 to ID.131½ million at the end of October 1955. This helped to finance the various economic and social programmes and strengthened the backing for Iraq's own currency, which was further assisted by the purchase of ID.5 million of gold from the United Kingdom. It was also found possible to increase imports substantially without placing any strain on the economy. Iraq's imports for the first six months of 1955 were valued at ID.44,039,719, as compared with ID.33,595,000 for the same period in 1954. Capital equipment for development and expanding consumer purchasing power contributed in large measure to this increase.

4. In the past few years the annual receipts seem to have been much underestimated in the budgets. Actual receipts for 1955 are now thought to be ID.6 million more than anticipated. The 1955 budget was originally estimated to be in deficit. It is now expected that a surplus of not less than ID.2 million will materialise. There is already a surplus carry-over of some ID.9 million from the accounts for the financial years 1953 and 1954. The surplus to be carried over to the 1956 accounts should therefore be about ID.11 million which should easily cover the estimated deficit of ID.4½ million provided for in the 1956 budget.

5. The increase in 1956 expenditure over the previous year is ID.11,489,965. The following general summary indicates how this increase has been allocated and deals briefly with the programmes of the various Ministries:

*Ministry of Foreign Affairs*

This Ministry is to receive an increase of ID.178,670 (1956 total is ID.975,970) mainly for strengthening Iraqi representation abroad.

*Ministry of Interior*

This Ministry is to receive an increase of ID.269,924 (1956 total is ID.2,685,574), mainly for expansion of posts in the Department, and to carry out further development projects in the municipalities. These include electricity and water supplies in the provinces, the Bagdad Television Station and grants to local authorities.



*Ministry of Social Affairs*

This Ministry is to receive an increase of ID.175,815 (1956 total is ID.1,091,550). This is to help in providing more amenities in rural areas, to promote technical and vocational training and to finance housing schemes.

*Ministry of Health*

This Ministry is to receive an increase of ID.801,400 (1956 total is ID.4,886,750). The construction of two hospitals and the expansion of two more are expected to be completed in 1956. Facilities for maternity and child welfare are planned in the capitals of all provinces. Funds are allotted for various campaigns, planned in co-operation with World Health Organisation, and Point IV experts, against malaria, bilharzia, trachoma, infectious diseases, tuberculosis and leprosy.

*Ministry of Defence*

This Ministry is to receive an increase of ID.2,748,950 (1956 total is ID.17,692,600). The funds are for expanding the army, supplying modern weapons and providing modern barracks.

*Ministry of Justice*

This Ministry is to receive an increase of ID.125,190 (1956 total is ID.1,375,090) mainly to cope with the growth of work of the courts and judicial departments, and especially the work involved in administering land settlement.

*Ministry of Education and Primary Education*

The increase under this heading amounts to ID.1,126,890 (1956 totals are ID.10,560,760). Of this increase, ID.626,890 is allotted to the Ministry of Education while ID.500,000 is earmarked separately for primary education. More schools are to be built and further attention directed against illiteracy.

*Ministry of Economics*

This Ministry is to receive an increase of ID.131,235 (1956 total is ID.538,820). The Ministry's work in 1956 will include the construction of a cigarette factory, digging of artesian wells, construction of grain silos, financing of agricultural co-operatives, research into sugar production and statistical studies.

*Ministry of Agriculture*

This Ministry is to receive an increase of ID.397,000 (1956 total is ID.2,568,620). The funds are to be used for improving fruit growing and seed, pest control, irrigation, afforestation and veterinary services.

*Ministry of Communications and Works*

This Ministry is to receive an increase of ID.297,365 (1956 total is ID.2,837,120) and is to undertake development of port facilities, the telephone system and aircraft services. Minor works are to be carried out on roads, bridges and buildings.

*Government Banks*

ID.3½ million has been allocated as part of an increase in the capital of the Government banks to help them extend their services. The Estate Bank and the Agricultural Bank have already been authorised to increase their capital to ID.10 million and ID.3 million respectively. Legislation is being prepared to authorise capital increases for the Industrial Bank and the Mortgage Bank. The activities of all these banks have expanded during the past year. The loans granted by the National Bank of Iraq have increased. Loans outstanding at the end of October 1955 amounted to ID.14½ million, over ID.4 million higher than at October 1954. The Government-backed Rafidain Bank also increased its activities; its various financial transactions are stated to be ID.5 million higher than in the previous year. More branches of this bank are to be opened.

*Government Food Purchases*

This project is to receive an increase of ID.1½ million (1956 total is ID.2½ million). The purpose is to expand wheat and flour supplies and to subsidise bread. During the past year the Government has imported 30,000 tons of Australian wheat and 8,000 tons of Turkish wheat. Negotiations are in course for a further 10,000 tons of Australian wheat. Four bakeries are to be built at Baghdad and others are planned in the provinces.

6. The increased expenditure outlined above represents only a part of Iraq's economic progress. The main expenditure of the Five-year Development Programme, particularly the major constructional projects, is not included in the budget and is administered by the Development Board which receives a direct allocation of 70 per cent. of Iraq's oil royalties. The Development Board will, in addition, administer some of the projects allotted in the budget to various Government Departments.

7. The two main items of receipts in the 1956 budget are customs and excise and property tax. Income tax and stamp duty receipts from customs and excise are estimated at ID.24 million, as compared with the original estimate of ID.20 million for 1955. This latter sum is now expected to reach ID.23 million and the 1956 estimate of ID.24 million may have to be similarly revised. But it is not clear what effect the new customs tariff which was brought into force on the 1st of January, 1956, will have. The new tariff is ostensibly aimed at reducing taxation on essential goods and commodities connected with the life of the people. As regards property tax, income tax and stamp duty, the position is roughly similar. Estimated receipts for 1956 are ID.26,347,500, as compared with the original 1955 estimate of ID.21,212,200; this latter sum is now expected to reach ID.23,900,000 and the 1956 estimate may be too low. The Government are considering new income tax and land tax legislation based on a report prepared by an American expert. The effect of such legislation on tax receipts is not known.

8. The budget itself appears to represent a conservative financial programme consistent with the steady development of the country. It is probable that, with increasing oil royalties, Iraq could launch out on a more ambitious scale; but the effect of this might well prove dangerous to the country's economy. The increase in both imports and purchasing power is as much as the country can absorb and the stimulus of a more ambitious budget might easily raise the cost of living substantially and cause inflation. At present there is flexibility in the Development Board's construction programme and new projects can be added, or existing ones advanced, in accordance with the country's general economic requirements and its internal financial position.

9. I am sending copies of this despatch to the Commercial Relations and Export Department of the Board of Trade, the Treasury, the Middle East Development Division at Beirut, and to the Treasury Representative at Cairo.

I have, &c.

MICHAEL WRIGHT.



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9. I am sending copies of this despatch to the Commercial Relations and Export Department of the Board of Trade, the Treasury, the Middle East Development Division at Beirut, and to the Treasury Representative at Cairo.

I have, &c.

MICHAEL WRIGHT.

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VQ 1051/27

No. 4

**Mr. SELWYN LLOYD'S VISIT TO BAGDAD ON MARCH 9 AND 10, 1956***Sir Michael Wright to Mr. Selwyn Lloyd. (Received April 9)*

(No. 88. Confidential)

Bagdad,

Sir,

April 4, 1956.

I have the honour to submit a record of your visit to Bagdad on the 9th and 10th of March, 1956.

2. Your stay was brief and the programme was of necessity a crowded one. On the afternoon of your arrival you attended a special meeting of the Council of the Bagdad Pact. The review which you gave of world affairs in general and your account of your tour was greatly appreciated by the Deputies.

3. After the meeting you were received in audience by His Majesty King Faisal II and His Royal Highness the Crown Prince. It was also possible for you to receive a brief visit from Dr. Fadhil Jamali, who was most gratified at this opportunity of renewing the contacts he made with you at the meetings of the United Nations General Assembly and of expressing his views to you at a time when he is not in office.

4. At a small informal dinner party at the Prime Minister's house, opportunity was afforded for Nuri Pasha to state his views fully and frankly on a number of matters affecting the Middle East, in particular the situation in Jordan, Saudi Arabian bribery and Egyptian propaganda. Before your departure on the morning of the 10th of March, you made a short statement to the Press at Bagdad Airport.

5. In the past twelve months, there have been three visits to Bagdad by Her Majesty's Principal Secretary of State for Foreign Affairs. On the first, in March 1955, Sir Anthony Eden gave the impetus of his authority to the negotiations leading to the accession of Her Majesty's Government to the Bagdad Pact and the signature of the Special Agreement between Iraq and the United Kingdom. The second visit, that of Mr. Harold Macmillan to the inaugural meeting of the Council of the Bagdad Pact in November 1955 encouraged the Government of Iraq by giving a fair start to the pact on sound lines. Your own visit, falling as it did after the successful meeting of the South-East Asia Treaty Organisation, has done much to convince the Iraqi leaders of our continuing goodwill and our determination to support them at a time when they are under heavy fire, not only from their fellow members of the Arab League headed by Egypt but from the forces of neutralism everywhere. Such encouragement was both timely and necessary.

I am sending copies of this despatch to Her Majesty's Ambassadors at Ankara, Tehran and Washington, to the United Kingdom High Commissioner at Karachi and to the Political Office, Middle East Forces.

I have, &amp;c.

MICHAEL WRIGHT.

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VQ 1941/34

No. 5

**CELEBRATION OF KING FAISAL'S 21st BIRTHDAY***Sir Michael Wright to Mr. Selwyn Lloyd. (Received May 15)*

(No. 123. Unclassified)

Bagdad,

Sir,

May 8, 1956.

I have the honour to inform you that His Majesty King Faisal celebrated his twenty-first birthday on the 2nd of May. Since, under Iraqi law, the monarch comes of age and assumes his prerogatives on his eighteenth birthday, the present occasion was vested with no constitutional significance. It was, however, the first anniversary of the handing-over to Iraq of the former Royal Air Force bases at Habbaniya and Shaiba under the Special Agreement signed by the United Kingdom and Iraq in April 1955. This fact found an echo in the Iraqi Prime Minister's public statement in which he commended Her Majesty's Government for honouring her pledges under the Agreement. The text of this statement was transmitted in my telegram No. 513 of the 2nd of May. It also coloured the military celebrations to mark the day. They consisted of the presentation of colours to three battalions of the 8th Brigade of the Iraq Army by King Faisal at Habbaniya. My Military Attaché attended this parade and has reported that the drill and sturdiness of the troops was very good indeed. The brigade in turnout and smartness was better than any other body of troops that he had seen in Iraq. It is composed for a large part of the former Royal Air Force Levies from both Habbaniya and Shaiba, though there has been a fairly generous sprinkling of recruits since the hand-over of these troops last year. Brigadier Shaw considers that the morale and bearing of this brigade are witness to the satisfactory way in which the former Levies, be they Assyrian, Kurd or Arab, have settled down under the Iraqi flag and Iraqi officers.

2. On the evening of the same day King Faisal opened officially the Bagdad Television Station in a small, but well-arranged, ceremony which took place in the garden of the station building. To this ceremony were invited senior officials and heads of diplomatic missions. The Director-General of Guidance and Broadcasting welcomed King Faisal and the Crown Prince in a short speech, the main stress of which was laid on the social and educational uses of television. He also drew attention to the fact that Iraqi engineers who had trained in the United Kingdom would supervise the television service. Indeed, visitors were impressed by the fact that all the cameras and other apparatus on the opening night were manned by Iraqis who had been locally trained by the chief engineer of Messrs. Pye. After this speech, the Royal Party entered the station building where they were greeted by the Earl of Bessborough and Mr. Edwards, representing Messrs. Pye, who showed them over the various departments. The King then returned to the studio where, seated at a table with the Crown Prince at his side, he made his annual birthday speech to the Nation. This dealt in general terms with the development of Iraq and its attachment to the other Arab and Muslim States. It did not mention television. The ceremony and the ensuing programme passed off without hitch.

I am copying this despatch to the Political Office, Middle East Forces.

I have, &amp;c.

MICHAEL WRIGHT.

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VQ 1942/1

No. 6

## STATE VISIT OF KING FAISAL TO SPAIN

*Sir Ivo Mallet to Mr. Selwyn Lloyd. (Received May 29)*

(No. 97. Confidential)

Sir,

Madrid,

May 26, 1956.

I have the honour to report that King Faisal II of Iraq arrived in Madrid on May 18 on an official visit to Spain at the invitation of the Spanish Government. He remained in the capital until May 22 when he left on a short tour of Andalucia, visiting Granada, Cordova and Seville, where Spanish-Arab cultural ties were no doubt impressed upon him, before proceeding by air to Rabat on the morning of May 25.

2. King Faisal was accompanied by his uncle, the Crown Prince Abdul Illah, and arrived in a Viscount aircraft of his royal flight. He was met at the airport by General Franco and his ministers and was immediately taken to the Tribune in the Paseo de la Castellana from which the Caudillo takes the salute at the yearly military parade to celebrate the victory of the nationalist forces in the Civil War. This parade is normally held on April 1, but as this year Easter Sunday fell on that day the parade had been postponed, apparently until a suitable opportunity occurred. King Faisal and General Franco jointly took the salute at the march past and when the parade was over drove through the crowds escorted by the colourful Moorish Guard. The afternoon had been decreed a general holiday; the crowd gave reasonable, if not tumultuous, applause to the young King and the Caudillo as they drove past.

3. In the evening General Franco gave a state banquet to King Faisal in the royal palace. Before the banquet he bestowed on the King the Grand Cross of the Falangist Order of the Yoke and the Arrows, receiving in return the Grand Cross of the Hashemite Order. The next morning the Caudillo and King Faisal had an interview lasting for over an hour at El Pardo. The King then carried out a full programme which included a bull-fight, visits to the Prado, the Military Academy at Toledo and the tapestry collection at the palace of La Granja, and an afternoon's shooting at the now abandoned palace of Rio Frio, all in the Caudillo's company. He himself gave a lunch to General Franco and a reception for the Spanish authorities and the Diplomatic Corps. The evening before he left the Arab Heads of Missions gave a dinner for him at the Ritz Hotel which General Franco and his wife attended. The next morning he flew to Granada accompanied by the Spanish Minister for Air and was seen off by General Franco and the rest of the Cabinet at the airport.

4. As on the occasion of visits by other Moslem Heads of States, the Spanish Government jealously discouraged any attempt by Western representatives to meet or entertain the King. Thus none of the representatives of the Bagdad Pact Powers were invited to go and meet the King on his arrival or to the State banquet, to which only the Arab Ambassadors were invited. The same Arab-Spanish exclusivity was maintained in King Faisal's luncheon party but all foreign Heads of Mission were invited to a reception given by the King. I took care to let the King know that I had wished to invite him to the Embassy to meet representatives of the other Bagdad Powers and His Majesty sent for me on the evening of May 21 and we had a talk of about 40 minutes. I told the King and the Crown Prince of Her Majesty's Government's policy towards Spain and explained the difficulties of making a success of it so long as the Spanish Government made difficulties for us in Gibraltar or tried to twist our tail in the Middle East. I said that I thought that Spain's present policy of seeking to gain influence in the Arab world was partly due to her desire to obliterate the serious effects on Spanish public opinion that the loss of Morocco might have. I expressed the hope that the Spanish Government might, as a result of this policy of friendship with the Arabs, be able to convince the Egyptians of the dangers of encouraging Soviet attacks on the colonial Powers. The King said that he had explained to Franco the very real reasons for the Bagdad Pact and that the Caudillo had promised to try and bring home to Colonel Nasser, when he comes here in the autumn, the

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dangers of his present policy to which, incidentally, the Egyptian Government's decision to recognise China has usefully awoken the Spanish Government. The King and the Crown Prince also asked me a number of questions about Spanish internal affairs.

5. The Spanish Press gave very good publicity to the visit if not quite the prominence accorded to the visit last year by King Hussein and Queen Dina of Jordan. Space was devoted to the brilliant future awaiting Iraq, but little was said about Iraqi policy or the Bagdad Pact and no hint of divergencies between any of the Arab Powers was allowed to emerge. Although the usual stress was laid on Spain's ties with the Arab world these were not vaunted with quite the same insistence as at the time of the visits of King Hussein or the Sultan of Morocco. Sr. Gomez Aparicio in the weekly *Hoja del Lunes* attributed great importance to the conversations between General Franco and the young monarch. Other newspapers gave some account of British influence in Iraq, but it is illuminating that in the short history of Iraq from its earliest days the only mention of the United Kingdom in Gomez Aparicio's semi-official article was a reference to the post-war award of Mesopotamia to Her Majesty's Government and the losses suffered in the rebellion of 1920 which led to the proclamation of Faisal I as King.

6. It must indeed have been most satisfying to General Franco to be able to commemorate his victory in the Civil War in the presence of a reigning monarch. His policy of inviting Arab potentates in turn—the Queen Mother of Jordan was here as the guest of the Town of Madrid during King Faisal's visit—gives the Caudillo continued opportunities to try to present Spain as a modern progressive Power in contrast to her reactionary and imperialistic neighbours. It is perhaps unlikely that King Faisal or the Crown Prince will have been led far astray by Spanish propaganda and hospitality, but the great efforts being made by the Spanish Government to impress the Arabs with their friendliness should not be underestimated.

7. I am sending a copy of this despatch to Her Majesty's Ambassador at Bagdad.

I have, &amp;c.

IVO MALLET.

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VQ 1015/47

No. 7

## THE IRAQ CIVIL SERVICE

*Sir Michael Wright to Mr. Selwyn Lloyd. (Received June 26)*

(No. 172. Restricted)

Sir,

Bagdad,

June 22, 1956.

I have the honour to report that the Iraq Parliament passed the new Civil Service Law No. 55 of 1956 on the 28th of May. A translation<sup>(1)</sup> of the Arabic text is enclosed with this despatch.

2. When the country of Iraq was formed out of the three Turkish Vilayets of Mosul, Bagdad, and Basra at the end of the first World War, one of the inheritances from Turkish rule was an inefficient, underpaid and venal system of administration. The British Authorities during the Mandate, and subsequently British Advisers and employees, laboured to build up in Iraq a Civil Service which would present fewer of these defects. But until the signature of the Agreement between the Iraq Government and the Iraq Petroleum Company in 1952, which was carried through by Nuri Pasha in the face of strong nationalist opposition, the Annual National Budget did not greatly exceed £25 million a year. In bad seasons money was lacking with which to pay the Civil Servants and the police. To-day the National State Budget is in the neighbourhood of £60 million a year, while the Development Board Budget is almost £70 million a year and will, it is hoped, rise to about £90 million a year from 1957 onwards. The demands on the administrative machine are becoming heavier and more exacting.

3. If Iraq is to meet the challenge of her increasing oil revenues and ensure that they are spent with reasonable efficiency and honesty in improving the welfare of the people, the need for a Civil Service with higher standards of competency and of integrity is clear. Moreover, the emoluments to be paid to the higher categories must be such not only to enable them to support their families without resort to graft and corruption, but to bear at least some relations to the competing attractions of industry and business. A factor to be borne in mind is that as compared with 1939 the cost of living has increased fivefold. At the beginning of this year the lowest grades of Civil Servants had received increases compared with 1939 in the neighbourhood of 400 per cent., but the higher categories of only about 147 per cent.

4. For the past year I have been urging the Prime Minister to ensure during the parliamentary session which has just ended the passage of legislation both to improve conditions in the Civil Service and to provide machinery for dealing with corruption. The two must to a considerable extent go hand in hand.

5. When Nuri Pasha formed a new Government in December 1955 and appointed Khalil Kenna as Minister of Finance the progress made towards drafting a new Civil Service Law had been disappointing. Abortive reports and drafts introduced by previous Governments had been disinterred but the necessary knowledge to improve upon them was lacking. I accordingly talked the matter over with Khalil Kenna, and was able to persuade him that it was to the interest of the Government, and incidentally of his own reputation, to produce more effective proposals based on expert advice. He enquired whether Her Majesty's Government could provide someone with the necessary experience and qualifications to assist in preparing a new Law. Mr. Walsh of the Ministry of Housing was chosen, and spent the greater part of April and May in Bagdad, working intensively with the Iraqi officials and others concerned. The Law now passed is mainly the product of his advice.

6. The main provisions of the Law are as follows:

- (i) a single pay-scale for all Government officials, which is divided into six consecutive classes and provides for automatic annual increments within each class from a minimum of ID.132 to a maximum of ID.1860 per annum; the increments rising from ID.12 at the lowest rates to ID.60 at the higher rates;

<sup>(1)</sup> Not printed.

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- (ii) conditions for employment, including basic educational and other qualifications, points of entry into the classes and probationary service;
  - (iii) a system for promotion on the basis of merit and length of service irrespective of educational qualifications;
  - (iv) the constitution of a Public Services Board to deal with appointments and promotions below the rank of Director-General. The Board will consist of a President and four members, to be appointed by the Council of Ministers on the recommendation of the Minister of Finance from among the judiciary, teaching and other professions, or from the two highest classes of Civil Servants. In the sphere of appointments the duties of the Board will include:
    - (a) the selection of candidates by competitive examination or interview or otherwise;
    - (b) the issue of regulations dealing with general and special conditions of entry, the conduct of examinations and inter-departmental co-operation;
    - (c) the supply of such regulations to prospective candidates;
    - (d) the issue of certificates of qualifications to successful candidates on appointment, re-appointment and special promotion.
- In the sphere of promotions and appeals, the Board will issue rules for the preparation of annual confidential reports and for the manner in which Ministries shall submit recommendations for promotions to the Board. It will also be responsible for considering appeals by officials who have not been recommended for promotion, or who have not been confirmed in their appointment or promotion, or who have been relegated;
- (v) a system of control of staff numbers, organisation and training to be operated by the Minister of Finance.

7. The Law also includes *inter alia* general provisions for the resignation, transfer and loan of officials and regulations for leave including sick leave and study leave.

8. The Law as it stands does not apply to the judiciary, the armed forces, or the police. As, however, it was clear from the outset that it would not be practicable to grant substantial pay increases to the Civil Service without corresponding increases to other categories of State servants, separate legislation has been enacted to bring their rates of pay into line with the new Civil Service rates.

9. Nor does the Law cover the numerous low-grade temporary Government "employees". No proper statistics of their numbers exist, although I understand that these are now being compiled. It is, however, estimated that they may be as numerous as 50,000 as compared with the figure of between 20,000 and 30,000 for regular Civil Servants. Until the numbers are known, the cost of increases to them cannot be computed, but it might clearly prove to be very considerable. The cost of the increases now granted to Civil Servants, the Judiciary and officers of the armed forces and the police is estimated to be in the neighbourhood of £4 million a year. Some observers estimate that equivalent increases to employees and to other ranks in the army and the police might involve additional annual expenditure of from £5 to £8 million, although this is largely guesswork and may be gravely wide of the mark. On the one hand the Government will clearly hesitate to make such a large and further call on the National Budget. On the other hand, there is bound to be a certain amount of agitation from those concerned that they should not be entirely overlooked. One factor which may affect the issue is that the Government wish to see the class of "employees" progressively reduced and perhaps eventually eliminated.

10. The Law has been well received generally as a bold and effective attempt to simplify the structure of the Civil Service and remove some of its anomalies. Whatever its defects—and so ramshackle a structure as the Iraqi administrative machine cannot be reformed in a day—it has provided solutions to a number of urgent problems which no Iraqi Government until this one has had either the will or the power to tackle. The pay increases have been popular; and there is no doubt that the speed and energy with which they have pushed the Law through has added to the prestige of the Government and done much to counter the charge that Nuri is uninterested in internal affairs.

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11. At the same time fears are being expressed in some quarters that the pay increases granted, particularly if they are followed by increases for employees and private soldiers, may lead to inflation. I will not comment on this point in the present despatch, except to say that the Government have this risk well in mind and are watching it carefully.

12. So far as the provisions for improved selection, promotion, and administration are concerned, the passing of legislation is of course only a beginning, and much will depend on how the start which has been made is followed up. In particular, a great deal will depend on the composition of the Public Service Board. Both the Prime Minister and the Minister of Finance have told me that they are determined to see that the right men are appointed, even at the cost of some delay in getting the Board going. Continued assistance and impulsion will also be required from us. The Minister of Finance has already discussed with us informally what further advice and assistance he would wish to receive from Her Majesty's Government. In particular, he has asked for the loan of an adviser for the Public Service Board. As the Department have already been informed he hopes that a candidate can be selected and sent out to Iraq by the 15th of September. He also wishes to send to the United Kingdom two or perhaps three officials, who will in due course be appointed secretaries to the Public Service Board, for training in their duties. It is hoped that it will be possible to arrange for them a two or three months' course starting towards the end of July and so arranged as to end roughly when the proposed Adviser to the Board arrives in Iraq to take up his appointment. In addition, the Minister of Finance wishes to send to the United Kingdom a further party of five or six officials to be trained as a team in staff inspection, staff training, and organisation and methods. I may expect to receive formal requests for all these facilities in the very near future; and I hope we shall be able to meet them as promptly and effectively as we did in the case of Mr. Walsh.

13. Finally, I would wish to place on record the warm appreciation which has been expressed to me by Iraqis at every level from the Prime Minister and Minister of Finance downwards of the advice and assistance given them by Mr. Walsh. As I have already reported in my telegram No. 683, Nuri Pasha remarked to me that his work on the Civil Service Law has been in the great tradition of British advice and assistance to this country. His technical competence, the speed with which he assimilated a mass of complex detail, and the soundness and realism of his recommendations won universal admiration; and in a country where personal relationships are all-important, and where people are quick to suspect and resent any assumption of superiority by a Westerner, he succeeded immediately in gaining and holding the confidence and respect of the officials and Ministers with whom he worked. The manner in which he has discharged his difficult and important task has added to the high regard in which British administrators and administrative methods are held in this country; and I should like to express my gratitude not only to Mr. Walsh himself, but to the Ministry of Housing for making him available. A better choice could not have been made.

14. I may add that an anti-Corruption Law, which provides for a Board appointed by the Government with powers to investigate charges of corruption against Government Servants, and to take disciplinary action, was also passed before Parliament rose; and the Board has now been set up. I am reporting more fully on this by separate despatch.

I am sending a copy of this despatch to Her Majesty's Ambassadors at Ankara, Tehran and Karachi and to the Development Division, Beirut.

I have, &c.

MICHAEL WRIGHT.

CONFIDENTIAL

VQ 1015/55

No. 8

# REFORM OF THE IRAQ ADMINISTRATION

*Sir Michael Wright to Mr. Selwyn Lloyd. (Received July 10)*

(No. 182. Confidential)

Bagdad,  
July 3, 1956.

Sir,

I have the honour to transmit herewith the text of the Anti-Corruption Law<sup>(1)</sup> which was enacted during the last parliamentary session. I will forward the text of the Judicial Service Law, which provides for reform, increase of salaries, and disciplinary rules in the Judiciary, as soon as the English translation is available.

2. In my despatch No. 172 I reported on the passage of the Civil Service Law. These three Laws should be regarded as having an interconnexion, since together they represent a serious attempt by Nuri Said and his Government to improve the standards of administration in Iraq. This despatch and my despatch No. 172 should accordingly be considered together.

3. Corruption is endemic in the Middle East. For a variety of reasons, which include the example set by the Royal Family and British influence, it has been somewhat less pervading in Iraq than in certain neighbouring Arab countries. None the less it has been widespread; and the increase in oil revenues and the advent on the scene of foreign companies in search of contracts and business, many of them unscrupulous and willing to offer large bribes, has added to the temptations.

4. When the Emir Zaid acted as Regent last summer, he was struck by the deterioration in the situation, and spoke in no uncertain terms of the need to restore the confidence of the people in their ability to obtain justice and in a greater measure of honesty throughout the Administration. I have reinforced his pleas with Nuri and with others, and the three Laws in question reflect the decision of the Government to make at least a beginning of tackling the evil.

5. I enclose herein a note<sup>(1)</sup> from a member of my staff which indicates some of the difficulties involved.

6. I am told that when Nuri raised the matter in the Cabinet he recalled that in or about 1930 he had made an endeavour to improve matters and had caused the dismissal of a number of officials who were notoriously dishonest. The result had been that these officials had complained of political victimisation, and had thrown in their lot with politicians in opposition; and when the latter came back to power had been reinstated. Nuri said that he did not wish to repeat this experience. He had accordingly decided to set up a Board which, although responsible to the Council of Ministers, would be otherwise as independent as it could be made, and to give this Board the considerable powers now written into the Law. At least it would be more difficult to say that any officials dismissed or penalised had been victims of individual Cabinet Ministers.

7. I have talked the matter over with the Minister of Finance, Khalil Kenna, who himself has a reputation for honesty and who is genuinely convinced of the need for reform of the Administration. The Board has now been constituted, and a list of the members is attached.<sup>(1)</sup> Simultaneously a scrutiny has been begun under the Judicial Service Law of the records of judges. Khalil Kenna tells me that the Board is beginning its work, and that he hopes that before the autumn an example will have been made of at least a few relatively highly placed individuals. He agrees that if the Board produces no results the effect will be merely to increase the general feeling of disillusionment, and that this will be as bad for the Government as for the country. If on the other hand, the Board makes a serious although modest beginning the consequences may be considerable. The real remedy will, however, lie as much in the effectiveness of the reform of the Civil Service and in the application of the Civil Service Law and of the Judicial Service Law, as in the application of the Anti-corruption Law. If the judiciary is overhauled, if dishonest and inefficient civil servants can be gradually retired on pension, if

<sup>(1)</sup> Not printed.

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younger men of the right kind can be promoted, and above all, if there can be a higher standard of integrity in future appointments, as much or more may be achieved as by actual penalisation.

8. In this as in many other matters the sceptics point to past experience and shake their heads. It may well be that they are right. None the less, if the Royal Family continue to exert pressure in the background and if Nuri should remain Prime Minister for some time to come and maintains the initiative, it is not impossible that some results may be achieved. There are a number of others in responsible positions who are equally convinced of the need. Among these are Khalil Kenna, the present Minister of Finance. Dr. Jamali and I think Saleh Jabr and Burhanuddin Bashayan, the Foreign Minister. They are backed by many of the rising generation and by public opinion as a whole. I shall of course neglect no opportunity of advising in this sense.

9. I am sending a copy of this despatch, with its enclosures, to Her Majesty's Ambassadors at Ankara and Tehran, to the High Commissioner at Karachi and to the Head of the Middle East Development Division, Beirut.

I have, &c.

MICHAEL WRIGHT.

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VQ 1015/69

No. 9

# THE CENTRAL BANK LAW AND INCOME TAX LAW

*Mr. Hooper to Mr. Selwyn Lloyd. (Received August 13)*

(No. 207 E. Confidential)  
Sir,

Bagdad,  
August 8, 1956.

In my despatch No. 192 of the 12th of July summarising the legislation in the last Session of the Iraqi Parliament I undertook to report separately on the Banking and Income Tax Laws. I now have the honour to transmit translations<sup>(1)</sup> of the Central Bank Law and the Income Tax Law.

2. The main purpose of the Central Bank Law is to ensure that the National Bank carries out the functions for which it was formed. These functions were defined, when the bank first started in June 1947, as the administration of the currency and assuring its stability, serving State finances, facilitating internal and external payments and the general promotion of credits for commerce, industry and agriculture. The Bank was accordingly empowered to issue and administer the currency, to undertake duties arising from international agreements, to control and co-ordinate banking and foreign exchange, to keep Government deposits and transact Government and semi-Government loans. But while the bank has carried out many of these duties, it has not performed all the functions originally entrusted to it. The most notable omission is the management of Government deposits which were being handled by the Rafidain Bank. The latter is a Government Bank set up to act as an ordinary commercial bank.

3. The National Bank, therefore, in the past has been to some extent in a subordinate position, especially as the Director-General of the Rafidain Bank, Mohammed Ali Chalabi, was also a member of the Board of Administration of the National Bank and had a large say in the direction of its affairs. This situation has now been terminated by the Central Bank Law and an accompanying Royal Decree. The Law stipulates that the new Central Bank (formerly the National Bank) is to handle Government and semi-Government deposits. It also stipulates that no-one who is a member or an official of another bank shall be a member of the Board of Administration of the Central Bank. The Royal Decree directed that the Government and semi-Government deposits should be transferred to the Central Bank within six months from May 15.

4. It is unfortunate that this change should have been accompanied by some bitterness and intrigue. This can be attributed to the Director-General of the Rafidain Bank who is a member of a wealthy, commercial family in Iraq. In the passage of time he had come to take for granted the advantages which he derived from his position on the Board of Administration of the National Bank and the use which the Rafidain Bank could make of the Government deposits. There are some grounds for thinking that Mohammed Ali Chalabi's chagrin about the new arrangements was due to personal commercial benefits from the manipulation of the resources of the Rafidain Bank. In the event he sought to stir up political and commercial opposition to the new measure. Among other allegations, he tried to make out that the measure had been instigated by the British banks and British financial advisers out of rivalry for the Rafidain Bank. This charge is patently untrue. The Governor of the National Bank and the Minister of Finance were the main advocates of the new arrangements which followed the recommendations of the Danish financial expert, Professor Iversen, who visited Bagdad on an advisory mission in 1953 and 1954.

5. Mohammed Ali Chalabi now seems to be reconciled to the present scheme of things. One of the reasons for this is that the Iraqi Government have decided to increase the capital of the Rafidain Bank from ID.1 million to ID.5 million. This should be a big help to the Rafidain Bank, particularly as they seem to have been over-extended in their credits which had been advanced on the strength of their Government deposits. The Governor of the Central Bank has confirmed privately

<sup>(1)</sup> Not printed.

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that relations with the Rafidain Bank are again amicable. But he is still of the opinion that the capital of the Rafidain Bank should be gradually transferred to private shareholders.

6. The Central Bank Law also provides for an increase in the Bank's capital from ID.5 to ID.15 million. At the same time the capital of the other Government banks has been increased: the Industrial Bank from ID.3 million to ID.8 million; the Agricultural Bank from ID.3 million to ID.4 million; and the Estates (Mortgage) Bank from ID.5 million to ID.10 million (earlier in the year). There is also the increase in capital of the Rafidain Bank from ID.1 million to ID.5 million, to which I have already referred. These measures should do much to ease the tight money situation which prevails at the moment. This situation has been brought about by over-trading by merchants, and over-issue of credits to consumers, the attraction of capital to land investment and private ventures, last year's bad harvest and the slow rate at which money spent on the Government Development Programme has percolated to local industry and commerce.

7. These conditions have also served to increase the cost of living. The new Income Tax Law is intended as a further measure to reduce the cost of living. Its enactment has been expected since last December when an American adviser, recruited for the purpose, completed a study for the Iraq Government on the revision of the Income Tax scale. It was at the end of last December that the new Customs Tariff was introduced which was also intended to reduce living costs by lowering duties on necessities and on goods required for the national economy. Similarly, the new Income Tax Law provides for fairly substantial reductions in taxation. Article 11 of the new Law provides for higher family allowances; Article 12 reduces the rates of tax payable both by individuals and companies.

8. These new fiscal measures have arrived at a time when Iraq's Development Programme is gathering pace. They will help to provide the financial conditions in which Iraqi industry and commerce can more usefully participate in national development. The provision of Government capital to assist private enterprise is opportune. The control and administration of State funds has been advanced by the further evolution of the National Bank. It is appropriate that this should now be renamed the Central Bank. This bank in future may exercise more control over the other Government banks set up to assist specific sections of the Iraqi economy, namely, the Agricultural Bank, the Industrial Bank and the Estates (Mortgage) Bank. In addition, the Central Bank will henceforth provide financial facilities in the provinces. Branches of the bank are to be opened in Basra, Diwaniyah, Kirkuk and Mosul. These branches will handle Government receipts and payments and perhaps also exchange control questions. This will constitute a useful service to provincial merchants. The reduction in the Income Tax scale will assist commerce and industry as well as help to reduce the cost of living. The combined effect of these measures should therefore be to serve as a stimulus to the Iraqi economy, and to provide a firm financial structure for Iraq's development.

I am sending a copy of this despatch and enclosures to the Board of Trade and the Treasury and enclosures to the Middle East Development Division, Beirut.

I have, &c.

R. W. J. HOOPER.

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VR 1091/584

No. 10

RECORD OF CONVERSATION BETWEEN THE SECRETARY OF STATE  
AND DR. JAMALI ON NOVEMBER 1, 1956

*Mr. Selwyn Lloyd to Sir Michael Wright (Bagdad)*

(No. 253. Confidential)

*Foreign Office,*

Sir,

*November 1, 1956.*

Dr. Jamali called on me to-day. He said that our motives were widely misunderstood in the Arab world. All that was apparent was that we were allies with the French and the Israelis who were the main enemies of the Arabs. It was therefore urgently necessary to point out in no uncertain terms that:—

- (1) We were not intervening as an ally of Israel.
- (2) We would not permit Israel to occupy Arab territory.
- (3) We were determined to maintain Anglo-Arab friendship.

I read out to Dr. Jamali what I had said in the House of Commons last night. He said this was satisfactory but unfortunately other statements by the Prime Minister and the press had convinced the Arab world that our primary concern was the defence of Israel. If we could not show the Arabs that we stood for justice and fair play we were only creating other Nassers. It was vital that we should discredit the Egyptian and Communist lie that we were tied up with the Israelis. All we had done so far was to give more ammunition to our enemies. The position of friends of Britain like himself and Nuri was becoming intolerable and they were the most unpopular men in Iraq to-day as a result of their pro-British attitude.

I pointed out that it was precisely because Nasser was gaining ground so fast and would shortly have taken over Jordan and Syria that we had to act. We were now in a dilemma as a result of Israel's acceptance of our ultimatum and Egyptian rejection of it. This was what made it appear we were only acting against Egypt. I still hoped the Egyptians might climb down and we could then be free to take impartial action.

Dr. Jamali said a further point was that it would be very dangerous if we closed the Canal strip and did not let the Egyptians fight the Israelis fairly. If we let Israel beat Egypt in these circumstances the Egyptians would be able to tell the same story as they did about the 1948 war.

He then advanced as his personal idea a plan whereby Iraqi troops should enter Jordan and attack Israel, possibly seizing some Israeli territory, with our connivance. He was sure that such an act would enhance Iraq's and the Bagdad Pact's prestige in the Arab world, and would bolster our position. It would show up Nasser for the empty balloon he was and show the Arabs that Iraq was the leader they should turn to. It was vital in the long run that we should make Iraq the centre of gravity of the Arab world and encourage the fertile crescent. I said that an attack on Israel might extend the war. The Israelis were not to be discounted as opponents.

As he left Dr. Jamali urged that we should get the French to make some sort of generous gesture about Algiers.

I am sending copies of this despatch to Her Majesty's Representatives at Beirut, Paris, Tel Aviv and Washington and to the United Kingdom Representative to the United Nations at New York.

I am, &c.

SELWYN LLOYD.

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VQ 1052/37

No. 11

**RECORD OF A CONVERSATION AT LUNCHEON ON NOVEMBER 24, 1956, IN NEW YORK BETWEEN THE SECRETARY OF STATE AND Dr. FADHIL JAMALI**

After a somewhat discursive conversation in the course of luncheon Dr. Jamali said that he wished to make three points to the Secretary of State.

2. In the first place he thought that there had been a lack of Anglo-Iraqi consultation in the last year or two. What was needed was close and frank discussion between our two countries as friends about all our mutual problems and in particular the Middle East. *The Secretary of State* pointed out that Sir Michael Wright had frequent talks with Nuri Said and Dr. Jamali himself and reported all their views. He himself had made the most of his opportunities of meeting Iraqi leaders.

3. Secondly Dr. Jamali said that he had a personal proposal to make—that a universal anti-Communist league should be set up in which all those who were concerned to combat Communism could meet to discuss their problems. There were in the world various forums, such as the Bandung Conference, the United Nations, N.A.T.O., &c., some of which represented purely regional interests and some of which, although universal, were not informed by a common spirit. What Dr. Jamali wished to see was a body in which there would be no shades of opinion, in which all would

be united by a common opposition to Communism.

4. And thirdly Dr. Jamali wished to see a settlement of the Palestine and Algerian problems. The United Kingdom had been willing to make sacrifices over the Suez Canal and Iraq herself had been involved in a loss as a result of this action of the order of £50 million this year. It would be well worth while to make some sacrifice to achieve a permanent settlement. He himself was much drawn towards a plan whereby Palestine would be placed under some sort of United Nations supervision with zones allotted both to Jews and Arabs along the lines suggested by the Peel Commission in 1936, by the minority report of the United Nations Supervisory Committee on Palestine in 1947 or by Mr. Bevin the year before.

5. *The Secretary of State* made no comment on either of Dr. Jamali's last two points except to express a doubt whether the Arabs would be willing to come to any such agreement. In his view they must learn to adopt a more realistic attitude and accept the existence of Israel while in her turn Israel must be willing to make some sacrifices in return for a guarantee of security.

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VQ 1051/51

No. 12

**IRAQI REACTIONS TO EVENTS FOLLOWING THE ISRAELI ATTACK ON EGYPT ON OCTOBER 29, 1956**

*Sir Michael Wright to Mr. Selwyn Lloyd. (Received December 11)*

(No. 298. Confidential) *Bagdad,*  
Sir, *December 7, 1956.*

I have dwelt in many telegrams in the course of the last month on the attitude of the Iraq Government towards the recent Anglo-French action in the Suez Canal area and the extent to which that attitude, fundamentally well disposed, has been shaped by a hostile Iraqi public opinion. The most conspicuous results of this have been the decision of the Iraq Government on the morrow of the Tehran communiqué of the 7th of November to break off diplomatic relations with France, to "freeze" the Bagdad Pact and to publish the extravagant communiqué of the 13th of November which called, in effect, for the dissolution of Israel and the return of the Israeli population to the lands from which they came. In the present despatch I have the honour to offer some comments on the evolution of Iraqi public opinion towards ourselves as a result of the Suez Canal landings.

2. Until the end of October relations between Iraq and the United Kingdom were perhaps better than they had been for many a year. A well-disposed Government was in power; British strategic requirements in Iraq had been successfully reassured by the Special Agreement; the two countries were partners in a developing alliance of friendly Powers in the region, the Bagdad Pact, which seemed likely to become an effective agency of beneficial economic, political and military co-operation, while British technical skill and commercial enterprise, already enjoying credit for the growing prosperity of Iraq, were widely associated with a vast programme of development promising a happy future.

3. When on the 29th of October the Israeli forces attacked Egypt it was the belief of the Iraqi public that their ally and friend would hasten to consult with the United States and France under the Tripartite Declaration of 1950 and to put in action the slower moving machinery of the United Nations to defend Egypt against aggression. It was indeed regarded as a test for the 1950 Declaration, since it early became clear that the Israeli attack was more than the usual

incursion into Arab-held territory dealt with by the United Nations Truce Supervisory Organisation. It was therefore with disbelief and consternation that the people of Iraq heard the Anglo-French ultimatum to both parties. The British and French forces were not to land in Egypt to co-operate with the Egyptian army in driving the Israeli intruders from their land but were to treat the Egyptians as enemies and deprive them of their inherent right of self-defence. British arguments why the Tripartite Declaration could not apply to Egypt were neither understood nor appreciated since none of the participants in the Palestine dispute had ever publicly acknowledged that Declaration as one of the elements of their defence. That this action should be taken in conjunction with France and Israel, the one regarded as the arch-coloniser and the other the arch-enemy of the Arabs, and the dregs of Europe and Asia Minor, was incomprehensible. It was, as our friends said, un-British.

4. There was equal consternation at the fact that Her Majesty's Government vetoed the resolution introduced before the Security Council by the United States condemning Israel's attack on Egypt and proposing measures against Israel unless she ceased fire and withdrew her forces. It had generally been assumed that the United States were the strongest supporters of Israel, while Britain, who was bound by Treaties of Alliance with Iraq and Jordan, was at least more sympathetic to Arab interests. The shock was severe, and the fact that the Soviet Union voted for the resolution put up the stock of the Communists at the expense of ourselves, and, through us, of the West.

5. None the less, it was still widely expected during the following days that British forces would be used in a police action against both sides with the object of causing a cease fire and, whatever action was taken in terms of Egypt and of the Suez Canal, of simultaneously securing the withdrawal of Israeli forces behind the Armistice Lines. Had we taken any steps against the Israeli forces the reaction in Iraq would have been of an entirely different

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character. Our motives would have been understood and perhaps approved. But the fact that we continued to take armed action against Egypt only caused three convictions to grow. First, our intervention was regarded as part of a preconcerted plot between ourselves, the French and the Israelis. Second, most people believed that the Egyptian forces, after the initial shock of the Israeli onslaught, would have hit back vigorously and victoriously and that they were only prevented from so doing by the Allied destruction of the Egyptian Air Force. Third, our armed intervention in Egypt was looked upon as a resurgence of old-fashioned British imperialism which, unlike its French counterpart, had for the past decade been increasingly thought to be a matter of the past.

6. Little or nothing so far has shaken these beliefs. The idea of conspiracy was lent colour by the ready compliance of Israel with the Allied ultimatum and by the Prime Minister's statements in which he tried to explain—or, as the Iraqis saw it, to justify—Israeli aggression in terms of Egyptian provocation at a time when the United Kingdom Government was in a minority of three at the United Nations. Belief in the invincibility of Nasser has been fostered by the Egyptian boasts, which are accepted at their face value, of Allied casualties. With these beliefs the concerted plot, Egyptian invincibility and resurgent British imperialism—becoming articles of faith, the Iraqi public has been totally unreceptive to any arguments that there was a moral case for the Allied intervention. To them we have been revealed as the enemy of the Arabs and the friend of Israel. President Nasser, whose stock was by no means high, at any rate among responsible people, has become a hero and a martyr. The blow is bitterer in that Sir Anthony Eden, unlike his predecessor, was regarded as a friend of the Arab peoples. For the same reason, our publicity has been almost completely ineffective. Our communiqués have not been believed. Because the British Broadcasting Corporation has reported the truth and not what people wanted to believe, its reputation for veracity has, for the moment at any rate, been severely shaken. It must be added that, whatever the factual accuracy of its reports, its presentation of both news and comment, at least in the early stages of the crisis, was not such as to commend our cause to Arab opinion, but rather the reverse. Our announcement about Russian penetration of Egypt met with complete

sales-resistance and, coming too late to carry conviction, has been dismissed as a clumsy attempt *post hoc* at self-justification and a bogey conjured up to frighten the Americans. Our compliance over the cease fire was attributed not to a desire to keep in step with the United Nations, but to Soviet threats, and the timing of M. Bulganin's letter to the Prime Minister lent itself perfectly to this.

7. By this move the Soviet Union regained and enhanced its position in Iraqi eyes. For a long time Soviet propaganda and the supply of Soviet arms to Egypt have been painting a picture of Russian support for the Arabs in their dispute with Israel. Therefore, when the Israeli attack, followed by the Allied assault on Egypt, took place many people in Iraq asked: "Where are the Russians? What are they doing? Why don't they help their friends?" Reports that the Soviet fleet had passed through the Dardanelles and that Soviet aircraft were bombing Cyprus were eagerly believed, only to lead to later disillusion. As no practical help for Nasser arrived, so Russian prestige began to slump. The Bulganin letter with its threat of rocket attacks and the Soviet attitude in the later debates of the United Nations Assembly transformed the Soviet position and undoubtedly the prestige of Russia, both for its sympathy for the Arabs and for its power, stands higher to-day than ever before. Our own publicity on the supply of Russian material to Egypt and Syria has contributed to the belief of Russian might and generosity which is contrasted with our own weakness in Port Said and our failure to aid our friends in the Middle East on anything like the same scale as the Russians.

8. The United States have also cashed in both on the popularity evoked by the American stand in the United Nations and on the unpopularity provoked by our actions in Egypt. United States Information Services in Bagdad published a manifesto containing excerpts from the American press, all decidedly anti-Allied, and in which the more sober attitude of large sections of that press, e.g., *The New York Times*, found no mention. There has been a good deal of talk among the Iraqi public of the "noble American attitude" towards this latest manifestation of Anglo-French imperialism. The American attitude has, however, not been without its critics among the Government (who would have been glad to see the end of Nasser)

and among more discerning members of the Administration. The attitude of United States representatives towards their Western allies, typified by the failure of the United States Embassy, alone of the Western embassies, to be represented at the departure of the French Ambassador and his staff after the rupture of diplomatic relations, raised doubts about American moral fibre rather than generating goodwill among a people to whom "loyalties" have a traditional appeal. The fact remains, however, that among the mass of the people the American attitude has enormously enhanced the standing of the United States and has greatly lessened, for the time being at any rate, the burden of unpopularity they carry as the principal begetters and supporters of the State of Israel. Many Iraqi observers who have hitherto been inclined to regard the Americans as immature enthusiasts and to distrust their tendency to hustle and their inclination to swing from one emotional extreme to the other are now coming round to the view that America can—and indeed must—take up the goodwill towards the West which we have lost by our action in Egypt, if the vacuum is not to be filled by Russia. There are indications that there are many among the Americans here themselves who take much the same view and consider that the time has arrived for America to come of age as a Middle Eastern Power. But America's new-found popularity, with a people whose emotions have little staying power and centre around a passionate and entirely parochial view of the Palestine problem, may be short-lived if the Russians are indeed prepared to write off Israel for good and put their shirt on the Arabs.

9. The sentiments expressed in the foregoing paragraphs are broadly held by the public in general. They have induced different reactions among the different sections of the populace. Our perennial foes have exulted in the revelation, as they see it, of our essentially bad and imperialistic character and in the weakness of our position in the world. Our friends are silenced since they can find no trace of impartiality in our deeds, whatever may have been our words. The merchants who have been doing well have on the whole wanted business as usual and are keeping a wary eye open for the possibility of rising prices and profits by hoarding. The workers, enjoying relatively full employment, have hesitated, like the merchants, to forsake it in favour of the uncertain joys

of demonstrations and possible looting with the equal risk of a sore head and a term of imprisonment. The students who, unlike the merchants and workers, have nothing to lose but their studies, have presented the most difficult problem to the Government and security forces. As I have reported in various situation reports, they have been instrumental in causing trouble in Bagdad, Basra, Nejef and Mosul and it has been fortunate that the economic condition of the country has been such that other sections of the population have been unwilling to join with them. At the time of writing, the secondary schools and higher schools are still closed and their reopening presents a considerable security risk. It has likewise been fortunate that with the firm hand of Nuri Pasha at the head of the Government and an experienced and able Minister of the Interior in Said Qazzaz, the police have obeyed orders and, on the whole, coped very successfully with the demonstrations. Only in Nejef, where the mob is traditionally turbulent and the police force is very small, and in Mosul have the army been called upon to intervene. The army itself has remained steady though critical of our actions.

10. After the initial phase during the first half of November, when public feeling was spontaneously and emotionally anti-Allied and particularly anti-British, the Iraqi politicians have exploited the situation largely for their own ends, proclaiming the sterility of the Government's policy of the British connection and the Bagdad Pact and representing both as high treason against the Arab nation. Anti-British feeling is settling down to a smouldering bitterness. The troubles in Bagdad, Mosul and Nejef have been as much against the Government as against the British. It has been one of the significant factors throughout the past month that the Government has been able to enlist only very little sympathy from the population as a whole in repudiating the action of the Syrian Government and army in the blowing up of the Iraq Petroleum Company's pipeline installations though this has caused serious and unnecessary prejudice to the Iraqi economy, or in inculcating anger at the anti-Iraqi attitude of the Syrian régime or fear of the Soviet build-up in Syria. The population as a whole is still under the spell of Nasser and sees all these calamities as a just retribution on the Iraq Government for their failure to support him to the hilt.



11. The situation which has thus come into being represents a crisis of confidence. To-day confidence in what we stand for is undoubtedly diminished at all levels of Iraqi society from the Crown Prince downwards. Since this has resulted particularly from our supposedly pro-Israeli action, it is logical that as a first step to regain the trust of the Iraqis we should demonstrate clearly that we have no intention of supporting Israel on the Palestine issue at the expense of the Arabs. We may have to go further than we would like in opposition to Israel to prove this point. We can also seek to regain the confidence of the Government and the army and through them of the population by helping them with their arms problems, notably with the provision of Hunter aircraft. There will be other ways in which we can assist the development of Iraqi policy at home and abroad, and we should not hesitate to concentrate upon them and to seize whatever opportunities offer. The Bagdad Pact provides an excellent framework for this since it can provide benefits to the participants without incurring the embarrassment of their appearing to receive direct bribes from the major Powers. I hope, therefore, that we can make up our minds to make a really substantial contribution to the work of the pact, as recommended by Her Majesty's Ambassador in Tehran and by myself in earlier despatches. Since the personal relationships of British experts in Iraq with their Iraqi opposite numbers, British business men with their clients and teachers with their students have for the most part weathered this storm, I am hopeful that an atmosphere of trust in us will be re-created through the activities of all of these. I consider that, despite the temporary set-back which the expansion of the Iraqi economy may suffer as a result of the interruption of the oil pipeline, it should be our policy to encourage British business men to maintain and to extend

their interests and connections in Iraq. The British Council should continue to offer scholarships and help for all who visit the United Kingdom for cultural purposes.

12. We must recognise that the response to such actions, though genuine enough, is unlikely, for a time at any rate, to be as whole-hearted as in the past. The Minister of the Interior remarked to a member of my staff recently that we have only one friend of Britain left in Iraq, Nuri Pasha. This is of course a gross exaggeration, but we are indeed lucky to have him where he is at this critical moment. Although feeling that we have placed him personally in an almost intolerable position he has softened the effect on us of popular resentment—much of which, indeed, has been deflected from us on to him—and it will make our task the easier if he remains for some time to come. Conversely, the Minister's remark shows that we may yet feel further ill-effects of the present crisis, which have been delayed by Nuri's presence in power. For to regain the trust of the younger politicians and those who are likely to succeed Nuri Pasha will demand much hard work and a more whole-hearted identification of our policy with the aspirations of Iraq in the world at large and in the Arab world. If I am right in assuming that we place a high value on our political relations with this country and on the protection of our oil and other interests here—and recent events have shown how vulnerable are both—then the effort must be made, though it will be a long process.

13. I am sending copies of this despatch to Her Majesty's Ambassadors at Amman, Ankara and Tehran, to the Political Representative with the Middle East Forces and to the United Kingdom High Commissioner at Karachi.

I have, &c.

MICHAEL WRIGHT.

## BIOGRAPHICAL NOTES

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No. 13

## IRAQ: HEADS OF FOREIGN MISSIONS

Mr. Hooper to Mr. Selwyn Lloyd. (Received July 27)

(No. 199. Confidential) *Bagdad,*  
Sir, *July 24, 1956*

With reference to Her Majesty's Ambassador's despatch No. 154 of the 12th of July, 1955, I have the honour to transmit an annual report on the Heads of Foreign Missions in Bagdad.

I have, &c.

R. W. J. HOOPER.

Enclosure

(Passages marked with an asterisk are reproduced from previous Reports)

## Afghanistan

General Muhammed Qassim Sharif, Minister (July 3, 1956).

General Muhammed Qassim Sharif was born in 1902 and was commissioned in the Afghan Army in 1920. He commanded the garrison of the Southern Vilayet of Afghanistan, was Commandant of the Military College and later Chief of the General Staff. He relinquished this appointment for reasons of health and later retired from the army. This is his first diplomatic appointment.

So far I have seen little of him.

## Belgium

M. Fredegond Cogels, Minister (October 27, 1955). M. Cogels was previously Counsellor in Rome. Solid, pleasant and with a true Belgian appreciation of the good things in life, he and his wife find little to occupy or amuse them in Bagdad.

## China (Nationalist)

Kou Tseng-Chi, Chargé d'Affaires (September 9, 1955).

## Denmark

M. Christian D. Holten Eggert, Minister (May 9, 1956).

M. Eggert resides in Cairo. The Legation here is run by M. F. E. Lyst, Commercial Counsellor, a large and energetic Scandinavian, who assumed direction as Chargé d'Affaires on January 27, 1955.

## Egypt

Taufiq Ismail Qatamish, Ambassador (April 18, 1954).

\*A graduate of the Cairo School of Law (1927), Taufiq Qatamish served in Consulates and Missions in Manchester, New York, Berlin and elsewhere before the war. He became Consul-General in New York in 1945 and was subsequently First Secretary

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and in 1950 Counsellor at the Egyptian Embassy in London. From 1953 until his appointment to Bagdad he served in the Egyptian Ministry of Foreign Affairs.

Taufiq Qatamish is unmarried. He speaks good English. Despite the difficulties between his country and Iraq he has remained personally popular with the Iraqi authorities. He is an intelligent and interested observer of Iraqi affairs and is candidly critical both of the shortcomings of the Iraqi Government and the excesses of his own military masters. An affable figure in Bagdad society, he seems genuinely friendly to British interests and claims to have been very happy in England. (Written in 1955.)

## France

Pierre Louis Comte de Vaucelles, Ambassador (December 15, 1954).

\*M. de Vaucelles was born in 1907, entered the French Foreign Service in 1932, served in Bucharest, Berlin and Budapest (for the Vichy Government from October 1940 to July 1943). From 1943 he was unemployed, spending the rest of the war upon his estates in Normandy. His wife's family owns or has interests in the Château Filhot Vineyard. He has five young children.

M. de Vaucelles is a Norman aristocrat, a practising Catholic of Right-wing sympathies. A quiet and melancholy man, but of amiable disposition. Although undoubtedly intelligent, he gives the impression of being greatly bewildered by the novelty of Bagdad. Neither the political nor social climate of Iraq is likely to appeal to him, or for that matter to any other French Ambassador. (Written in 1955.)

## Germany (Federal Republic)

Wilhelm Melchers, Minister (September 19, 1953). \*Dr. Melchers is Doctor of Law and a career diplomat. He opened the German Legation here in September 1953. (Written in 1954.)

\*He served in Addis Ababa in 1930 and subsequently in Haifa, Tehran and Tokyo. He was in the German Ministry of Foreign Affairs in 1939 and was employed in the transfer of Rashid Ali from Berlin to Southern Germany in April 1945.

Dr. Melchers speaks French and English. He married in April 1953. He and his wife try to be friendly, correct and straightforward, but I think they do not entirely succeed in achieving this object. (Written in 1955.)

## Holy See

Mgr. Armand Etienne Blanquet du Chayla, Apostolic Delegate (November 20, 1948).

\*Mgr. de Chayla, Latin Archbishop of Bagdad, a Frenchman and a member of the Carmelite Order, was appointed Apostolic Delegate in 1948. He is a cousin of the French Ambassador in Cairo (written in 1955), and a descendant of the French Admiral defeated by Nelson at the Battle of the Nile.



\*A courtly and cultivated figure whom it is a pleasure to meet and who gives the impression of a Cardinal *manqué*. He is outspokenly tired of this country and frankly critical of the shortcomings of its people. Aristocratic and fastidious, he has not taken kindly to Iraq. His health is indifferent.

His diplomatic status has been under discussion with the Iraq Government for many years but has not yet been recognised. (Written in 1955.)

#### Indonesia

Mahmud Latjuba, Minister (July 16, 1953).

\*M. Latjuba is rarely in Bagdad, residing in Tehran where he is also accredited. The Legation here is usually in charge of a Second Secretary. (Written in 1955.)

#### Iran

M. Hussein Ghods-Nakai has been transferred to Tokyo, and the Iranian Ambassador in Tokyo, M. Moussa Noury-Esfandiary, is being transferred here to take his place. M. Esfandiary has not yet arrived.

M. Esfandiary was born in 1894 and entered the Iranian Foreign Service in 1916. He has served in Rome, Paris, Moscow and Ankara. He has twice served in Bagdad as Minister, from 1938 to 1939, and again, after a special mission to Berlin, from 1941-43. He was Ambassador in New Delhi from 1949 to 1951. In Tehran he has been Administrative Director-General of the Ministry of Foreign Affairs and also Minister for Foreign Affairs for short periods in three separate Governments.

M. Esfandiary is unmarried.

#### Italy

Michele Lanza, Minister (November 17, 1954).

\*M. Lanza served in London as Third Secretary before the war, and during the war in Berlin. Before his appointment to Bagdad he was head of the Trieste Department at his Ministry of Foreign Affairs.

M. Lanza is a Monarchist by sympathy. In younger days a sporting and lively person, he drove a car for a bet from Milan to London in twenty-four hours and fought a duel with a Fascist. He is still an active and vigorous personality. He is friendly and straightforward. His wife also is lively and amusing, enjoying parties. They have a grown-up daughter who was "finished" in the United Kingdom. (Written in 1955.)

#### Japan

Mr. Tokuya Shinmura, Chargé d'Affaires (March 11, 1956).

#### Jordan

Abdulla al-Zuraikat, Minister (May 18, 1955).

\*Mr. Zuraikat was Chargé d'Affaires from January 1, 1952, until he was appointed Minister in 1955.

A pleasant and friendly person, speaking some English. He does not appear to be very active either socially or politically. His wife, who appears in mixed society, also speaks English. (Written in 1955.)

Iraq and Jordan agreed to raise their respective Missions to the status of Embassies on January 19, 1956. The Jordanians have not, however, appointed an Ambassador, and Abdulla al-Zuraikat remains in charge with the rank of Minister.

#### Lebanon

Kazim al Solh, Ambassador (November 3, 1953).

\*Kazim al Solh is a cousin of the late Riad al Solh, formerly Prime Minister of the Lebanon. Born about 1903, a Sunni Moslem of Beirut, he is a

graduate of the Damascus Law School. He started life as a journalist, but his newspaper was suspended by the French. He later organised a small but influential Nationalist (but not anti-British) political party, Nida al Qawmi.

He speaks good French and some English. His wife does not appear in mixed society and spends nearly all her time in Beirut. He himself goes frequently to Beirut for long periods and has political aspirations there. When in Bagdad he moves freely in Iraqi society and has shown considerable political activity in the traditional Lebanese role of mediator. He is not a clever man, but might be pleasant if he were not so tiresomely pompous and *protocolaire*. (Written in 1955.)

#### Netherlands

E. J. Baron Lewe Van Aduard, Chargé d'Affaires (July 25, 1954).

\*Baron Van Aduard came to Bagdad from The Hague, having served previously in Japan.

An earnest and friendly man, anxious to maintain close contact with this Embassy and to be helpful to us if he can. His wife is a rather striking Pole, who paints very well. They both speak English. (Written in 1955.)

#### Saudi Arabia

The last Minister Abdulla al Khaiyal, left Bagdad in June 1955 and has not yet been replaced. The Legation is in charge of a First Secretary, Sayid Mohammed al-Mutlak, an unprepossessing little figure who does not appear to exert much influence.

#### Spain

Pedro E. Schwartz Diaz-Flores, Ambassador (November 12, 1953). Dean of the Corps.

\*M. Schwartz joined the Spanish Diplomatic Service in 1912. He served as Consul at Genoa, Quito and Bayonne, became Consul-General at Montreal in 1939, later took charge of the Spanish Missions in Caracas and Ciudad Trujillo, and before his present appointment was Consul-General at Antwerp. When the Spanish Legation here became an Embassy, M. Schwartz presented his letters as First Ambassador on November 12, 1953. (Written in 1955.) He is retiring this year.

\*M. Schwartz is difficult to converse with, as both his English and his French are poor. He is sensible and affable but has little to do except play bridge. Though his wife speaks no English and little French, she makes an agreeable impression. (Written in 1955.)

#### Switzerland

M. Egbert de Graffenried. (Letters not yet presented.)

M. de Graffenried has been accredited to the Lebanon, Jordan, Syria and Iraq and will reside at Beirut.

The Legation in Bagdad is conducted by M. Giovanni Enrico Bucher, a cheerful, sociable little bachelor, whose last post was in the Political Department at Berne. He speaks excellent English.

#### Syria

Dr. Haidar Mardam Bey, Minister (April 18, 1954).

\*Born about 1905, a member of a leading Damascus family and a cousin and brother-in-law of the former Prime Minister, Jamil Mardam Bey, Haidar Mardam studied law in France and was Private Secretary to King Faisal when he was King of Syria. He subsequently held posts in the Administration during the French Mandate and was Governor of various Syrian Provinces. On the

termination of the Mandate he transferred to the Ministry of Foreign Affairs first as Head of Protocol and later served as Syrian Minister in Jedda and Rome, where he was on good terms with Her Majesty's Ambassadors.

Haidar Mardam Bey speaks French and a little English. He is pleasant enough if not very intelligent, and like his Lebanese colleague, inclined on occasions to be tiresomely *protocolaire*. His wife is a Syrian Christian lady, and his son is being educated in the United Kingdom. (Written in 1955.)

#### Turkey

General Muzaffer Göksenin, Ambassador (November 17, 1954).

\*Born at Monastir in 1889. As a cavalry officer in Palestine in the First World War, he was taken prisoner by the British. After the Turkish War of Independence and aviation courses at Smyrna and in France, he became Director of Flying at the Aircraft School at Eskisehir from 1927 until 1947. From 1947 until 1949 he was Air Under-Secretary in the Ministry of Defence. In 1950 he became Commander-in-Chief of the Turkish Air Force. He resigned on account of a dispute about the Air Force budget for 1953-54. In 1953 he was appointed Governor of Izmir.

M. Göksenin has had no diplomatic experience. He is having to learn the hard way, especially as his staff are also not very bright. He is further handicapped by a slight impediment in speech and by the fact that he speaks little English and no Arabic, and his wife, who is rarely here, nothing but Turkish. (Written in 1955.) Nevertheless, he is energetic, conscientious and tries hard. He proved to be a communicative and helpful colleague during the negotiations for the Turco-Iraqi Pact, and he is a reliable friend of Britain. (Written in 1955.)

#### United States

Mr. Waldemar J. Gallman, Ambassador (November 3, 1954).

\*Mr. Gallman was born in 1899 in Wellsville, New York. He graduated B.A. at Cornell University in 1921, spent a year at Georgetown University Law School and joined the State Department in 1922. He served in Cuba, Costa Rica, Ecuador, Latvia and Poland. In 1942 he became Consul in London where he was later promoted to be Counsellor and Minister. He was Ambassador to Poland from 1948 to 1950, spent a year at the United States War College, from there he was appointed Ambassador in South Africa.

An amiable, equable, loyal and helpful colleague with whom it is a pleasure to work and who believes wholeheartedly in close co-operation between Britain and the United States throughout the world. His wife is agreeably simple, sincere and unaffected. They both take a very friendly interest in people and life in Iraq. They have two sons. A keen tennis player. (Written in 1955.)

#### Missions Accredited in Iraq without Representatives Resident in Bagdad

The following countries are represented by Ministers residing in the capitals shown:—

\*Norway (Ankara).  
Sweden (Tehran).  
Greece (Beirut).  
Austria (Beirut).  
Ethiopia (Cairo).  
Mexico (Beirut).

(Written in 1955.)